

## Message Text

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PAGE 01 LONDON 04403 01 OF 02 201334Z  
ACTION EB-08

INFO OCT-01 ISO-00 AF-10 ARA-10 EA-10 EUR-12 NEA-10  
IO-13 OIC-02 AGRE-00 CEA-01 CIAE-00 COME-00  
DODE-00 FRB-03 H-01 INR-10 INT-05 L-03 LAB-04  
NSAE-00 NSC-05 PA-01 CTME-00 AID-05 SS-15 STR-07  
ITC-01 TRSE-00 USIA-06 SP-02 SOE-02 OMB-01 DOE-15  
/163 W

-----061054 201402Z /46

R 201233Z MAR 78  
FM AMEMBASSY LONDON  
TO SECSTATE WASHDC 4316  
INFO AMEMBASSY ABIDJAN  
AMEMBASSY ACCRA  
AMEMBASSY LAGOS  
AMEMBASSY YAOUNDE  
AMEMBASSY BRASILIA  
AMEMBASSY MEXICO  
AMEMBASSY BRUSSELS  
USMISSION GENEVA  
AMEMBASSY MOSCOW  
AMEMBASSY BERN

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USEEC

E.O. 11652: N/A  
TAGS: ETRD, ICCO, EPAP  
SUBJECT: COCOA -- INTERNATIONAL COCOA COUNCIL DECISION  
ON RENEGOTIATION OF INTERNATIONAL COCOA AGREE-  
MENT

1. INTERNATIONAL COCOA ORGANIZATION (ICCO) EXECUTIVE  
DIRECTOR HACKMAN AND CONSUMER DELEGATES TOLD EMBOFF THAT  
COCOA COUNCIL HAS DECIDED TO SET UP AN AD HOC GROUP TO  
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PAGE 02 LONDON 04403 01 OF 02 201334Z

ACCEPT PROPOSALS AND SUGGESTIONS FOR REVISION OF THE  
INTERNATIONAL COCOA AGREEMENT 1975. THIS DECISION  
FOLLOWED A COCOA COUNCIL SESSION WHICH LASTED UNTIL 2.00  
A.M., THURSDAY, MARCH 16, AT WHICH PRODUCERS INSISTED ON  
RENEGOTIATION WHILE CONSUMERS GENERALLY SUPPORTED  
EXTENSION OF THE AGREEMENT. THE PRODUCERS WERE LED BY  
THE COCOA PRODUCERS ALLIANCE (CPA) AT THE INSTIGATION OF

THE IVORY COAST, BUT WERE JOINED BY SWEDEN AND ONE OR TWO OTHER CONSUMERS IN THEIR CALL FOR RENEGOTIATION OF THE INTERNATIONAL COCOA AGREEMENT (ICCA) THIS YEAR. MOS EC CONSUMERS STRONGLY OPPOSED RENEGOTIATION BUT FINALLY AGREED TO AN AD HOC GROUP WHICH WILL RECEIVE PROPOSALS AND DETERMINE AT THAT TIME WHETHER IT IS WORTH HOLDING A RENEGOTIATION. THE FINAL DECISION WILL BE MADE AT A JULY ICCO COUNCIL MEETING, BUT INFORMANTS INDICATE A DECISION TO RENEGOTIATE IS VERY LIKELY.

2. EXECUTIVE DIRECTOR HACKMAN CONTINUALLY INSISTED AT THE MEETING OF THE COCOA COUNCIL DURING THE WEEK OF MARCH 13 THAT IT WOULD BE NECESSARY TO HOLD A RENEGOTIATION THIS YEAR TO (1) TRY AND ENTICE THE UNITED STATES INTO THE AGREEMENT; AND, (2) IN ORDER TO MAKE THE AGREEMENT MARKET EFFECTIVE. HE WAS OBVIOUSLY PRESSURED BY THE IVORY COAST AND OTHER CPA MEMBERS TO ADOPT THIS POSITION. EC IMPORTING MEMBERS OF THE ICCA HAVE BEEN NEGATIVE ON RENEGOTIATION, UNLESS THERE IS A GUARANTEE THE U.S. WOULD ENTER THE AGREEMENT. EMBOFFS POINTED OUT ON NUMEROUS OCCASIONS IN INFORMAL CONVERSATIONS WITH EC DELEGATES WHO RAISED ISSUE IN OTHER COMMODITY FORA THAT THE UNITED STATES COULD GIVE NO PRE-COMMITMENTS REGARDIN A RENEGOTIATED ICCA SINCE WE DO NOT KNOW WHAT PROVISIONS A NEW ICCA MAY CONTAIN. IT APPEARS THE EC MEMBERS ARE CONCERNED THAT THE CONSUMERS POSITION IN THE ICCA WILL B LIMITED OFFICIAL USE

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PAGE 03 LONDON 04403 01 OF 02 201334Z

FURTHER ERODED BY PRODUCER DEMANDS IN A RENEGOTIATION, AND THAT THE UNITED STATES WILL DECIDE ONCE AGAIN NOT TO JOIN THE AGREEMENT AFTER A RENEGOTIATION. THE SWISS DELEGATE WAS PARTICULARLY ADAMANT IN THE VIEW THAT THERE IS NO NEED FOR RENEGOTIATION UNLESS SOME NEW PROPOSALS COME FORWARD.

3. USSR DELEGATE PANKIN SAID HE WAS RATHER HAPPY TO SEE A RENEGOTIATION BUT FEARED THE USSR MIGHT BE FORCED OUT

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PAGE 01 LONDON 04403 02 OF 02 201400Z

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FM AMEMBASSY LONDON

TO SECSTATE WASHDC 4317

INFO AMEMBASSY ABIDJAN

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OF THE AGREEMENT IF PRODUCER DEMANDS BECOME FLAGRANT. H  
SAID HE AND HIS COLLEAGUES WERE HAVING DIFFICULTY IN  
ANSWERING CRITICISM LEVIED AT THE AGREEMENT FOR THE HIGH  
PRICE OF COCOA IN SPITE OF THE FACT THAT THE AGREEMENT  
HAS NOT INFLUENCED THE MARKET SINCE ITS INCEPTION. HE  
SAID CONTINUAL DEFENCE OF THE AGREEMENT IN MOSCOW WAS  
BECOMING DIFFICULT.

4. AT LEAST TEN MEMBERS OF THE COCOA COUNCIL, AS WELL A  
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PAGE 02 LONDON 04403 02 OF 02 201400Z

HACKMAN, URGED THE UNITED STATES TO BRING FORWARD  
DETAILED SUGGESTIONS AND PROPOSALS FOR MODIFICATION OF  
THE ICCA ASAP. HACKMAN SUGGESTED APRIL 10 AS A TARGET.  
WHEN THAT WAS POINTED OUT AS UNREALISTICALLY SOON, HE  
ADDED THAT SOMETIME BEFORE THE CPA MEETING IN LATE MAY  
WOULD BE AN APPROPRIATE TIME FOR U.S. IDEAS TO BEGIN  
CIRCULATION. THE CPA IS MEETING AT THAT TIME TO CONSIDER  
THE DEVELOPMENT OF ITS OWN PROPOSALS IN A NEW AGREEMENT,  
AND HACKMAN NOTED IT WOULD BE VALUABLE FOR THEM TO CON-  
SIDER SOME U.S. CONCEPTS AT THAT TIME. HACKMAN ALSO

NOTED DETAILED U.S. IDEAS ON ALL ELEMENTS OF THE AGREE-  
MENT WAS THE ONLY WAY REAL MODIFICATION TO U.S. TASTES  
COULD TAKE PLACE. EARLY, SPECIFIC, CONCRETE PROPOSALS  
ARE WHAT ARE NEEDED. HACKMAN SAID THE AD HOC GROUP WAS  
SET UP PRINCIPALLY TO FACILITATE THE PROPOSALS WHICH MAY  
COME FROM THE U.S. AND THE CPA, SINCE OTHER IMPORTING  
MEMBERS OF THE AGREEMENT SEEMED EXHAUSTED BY THE WHOLE  
PROCESS AND ARE UNLIKELY TO PRODUCE ANYTHING NOVEL.  
HACKMAN SAID HE WOULD SEND US A FORMAL INVITATION FOR  
PARTICIPATION IN THE AD HOC GROUP TO PROVIDE US AN  
OPPORTUNITY TO SUBMIT OUR PROPOSALS, WITHIN THE NEXT WEE

5. AT SOME POINT BEFORE THE AD HOC MEETING BETWEEN JUNE  
12-19, MR. HACKMAN PLANS ON VISITING THE UNITED STATES  
TO CONFER WITH USG AND INDUSTRY REPRESENTATIVES. HE  
PLANS ON MAKING HIS U.S. TRIP AFTER CONFERRING WITH WEST  
AFRICAN PRODUCERS, IN ORDER TO GET FIRM PLANS FOR  
EXPANSION OF PRODUCTION (A SUGGESTION MADE BY U.S. COCOA  
INDUSTRY REPRESENTATIVES). WHEN HIS PLANS BECOME CLEAR  
A REQUEST FOR APPOINTMENTS WITH WASHINGTON OFFICIALS WILL  
BE SUBMITTED.

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PAGE 03 LONDON 04403 02 OF 02 201400Z

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## Message Attributes

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**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
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